GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1636
ANSWERED ON:02.12.2005
LOSSES OF COOPERATIVE BANKS
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Will the Minister of FINANCE be pleased to state:

(a) the number of co-operative banks in the country specially operating in tribal areas are running in losses, during the last three years, State-wise;

(b) the reasons for incurring losses;

(c) the details of the administrative expenses occurred on these banks during the above-mentioned period; and

(d) the steps being taken or proposed to be taken to check these losses?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) The State-wise number of State Cooperative Banks (SCBs)/District Central Cooperative Banks (DCCBs) operating in tribal areas and running in losses during the last 3 years are indicated in Annexure-I.

(b) The general reasons for incurring losses by cooperative banks as a whole are as under:

Poor quality of loan appraisal, inadequate post disbursement supervision, poor recovery performance, high level of overdues/non-performing assets.

Lack of efforts/support for recovery of dues, delay in receiving dues from non-credit societies.

Inadequate income generation and interest spread/financial margin.

High cost of management leading to negative net margin and poor health of affiliated Primary Agriculture Credit Societies (PACs).

(c) The details of administrative expenses incurred by loss making banks are indicated in the Annexure-11

(d) Some of the steps taken to check these losses are (i) proper implementation of Development Action Plans (DAPs) and Memorandum of Understanding(ii) Augmentation of share capital (iii) conduct of training programmes for these banksConstitution of cooperative development fund with the objective of supporting cooperative credit institutions in undertaking various developmental initiatives such as Human Resource Development, building of better Management Information System , infrastructure creation, setting up of business development department with technical personnel, etc.